

17:9A-65

LEGISLATIVE HISTORY CHECKLIST

(Mortgage loans--permit loans in excess of current statutory loan-to-value ratios with additional collateral)

NJSA 17:9A-65; 17:9A-181

LAWS 1980

CHAPTER 176

Bill No. A466

Sponsor(s) Kern and Edwards

Date Introduced Pre-filed

Committee: Assembly Banking and Insurance

Senate Labor, Industry and Professions

Amended during passage

~~Yes~~

No

Date of Passage: Assembly April 28, 1980

Senate Sept. 29, 1980

Date of approval Dec. 29, 1980

Following statements are attached if available:

Sponsor statement

Yes

~~No~~ (Below)

Committee Statement: Assembly

Yes

~~No~~

Senate

Yes

~~No~~ (not attached since identical to Assembly Committee statement)

Fiscal Note

~~Yes~~

No

Veto Message

~~Yes~~

No

Message on signing

~~Yes~~

No

Following were printed:

Reports

~~Yes~~

No

Hearings

~~Yes~~

No

Sponsor's statement:

This legislation amends the Banking Act of 1948 to provide that banks and savings banks be permitted to make mortgage loans in excess of the loan-to-value ratios presently established by law if the amount in excess of that ratio is secured by additional collateral. Savings and loan associations presently have such statutory authority.

(over)

6/22/81

Regulation referred to in committee statements:
N.J.A.C. 3:10-3.1 and 3:10-3-2.

ASSEMBLY, No. 466

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1980 SESSION

By Assemblymen KERN and EDWARDS

AN ACT concerning certain mortgage loans, and amending section
65 and section 181 of P. L. 1948, c. 67.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. Section 65 of P. L. 1948, c. 67 (C. 17:9A-65) is amended to
2 read as follows:

3 65. Real property mortgages.

4 A. No bank shall make a mortgage loan secured by a mortgage
5 upon real property unless:

6 (1) The mortgaged property is located within this State, or, if
7 outside this State, the mortgaged property is located within 50
8 miles of the border of this State; or if the mortgaged property is
9 located outside this State and is more than 50 miles from the border
10 of this State, the payment of the mortgage loan is insured or
11 guaranteed, or is the subject of an unconditional commitment for
12 such insurance or guarantee, to the extent provided for in subsec-
13 tion A of section 68, by the Federal Housing Commissioner or by
14 the United States, or by this State;

15 (2) The mortgaged property shall consist of improved real prop-
16 erty, including farm lands, or unimproved real property if the pro-
17 ceeds of such loan shall be used for the purpose of erecting improve-
18 ments thereon;

19 (3) The mortgage securing such loan shall constitute a first lien
20 on a fee; a mortgage shall be deemed a first lien notwithstanding
21 the existence of a prior mortgage or mortgages held by the bank,
22 or liens of taxes which are not delinquent, building restrictions
23 or other restrictive covenants or conditions, leases or tenancies
24 whereby rents or profits are reserved to the owner, joint driveways,
25 sewer rights, rights in walls, rights-of-way or other easements, or
26 encroachments, which the persons signing the certificate provided

27 for in section 67 report in their opinion do not materially affect the
28 security for the mortgage loan. Every mortgage shall be certified
29 to be such a first lien by an attorney-at-law of the State in which
30 the real property is located, or certified or guaranteed to be such
31 a first lien by a corporation authorized to guarantee titles to land
32 in such State;

33 (4) No such loan shall be made for a period longer than 40 years
34 from its date, and no such loan shall exceed 80% of the appraised
35 value of the mortgaged property; provided, that there shall be
36 included in the appraised value of the mortgaged property, for the
37 purpose of this paragraph (4), the value of the improvements to
38 be erected upon the mortgaged property wholly or partly with the
39 proceeds of such loan; and

40 (5) The instrument evidencing the loan shall require payment to
41 be made during each year on account of the principal amount of the
42 loan at a rate not less than 1% per annum of the original amount of
43 the loan, if the original amount of the loan does not exceed 50% of
44 the appraised value of the mortgaged property; or 2% per annum
45 of the original amount of the loan, if the loan exceeds 50% but
46 does not exceed $66\frac{2}{3}\%$ of such appraised value; or 4% per annum
47 of the original amount of the loan, if the loan exceeds $66\frac{2}{3}\%$ of
48 such appraised value; provided, that, in lieu of such principal pay-
49 ments, the instrument evidencing any mortgage loan may require
50 equal monthly payments, each applicable to principal and interest,
51 in an amount sufficient to pay current interest and to repay the
52 amount of the loan in not more than 40 years from its date;
53 and provided further, that when the proceeds of any such loan are
54 to be used to pay, in whole or in part, the cost of constructing a
55 building or buildings on the mortgaged property, and such proceeds
56 are paid by the bank from time to time, final payment being made
57 at or after completion, the instrument evidencing such loan need
58 not require that any payment be made on account of the principal
59 amount of the loan during the period from the date of such loan to a
60 date not more than 18 months from the date of such loan; and such
61 date marking the end of the period during which no payments are
62 required to be made on account of the principal amount of the loan,
63 shall be deemed to be the date of such loan for the purpose of
64 reckoning the 40-year period limited for the payment of such loan
65 by this paragraph (5), and by paragraph (4) of this section.

66 B. The commissioner may, from time to time, with the concur-
67 rence of the banking advisory board, make, alter and rescind regu-
68 lations:

69 (1) Authorizing banks to make mortgage loans, or specified types
70 or classes of mortgage loans, (a) which exceed 80% of the appraised
71 value of the mortgaged property; (b) which mature in more than
72 25 years from their date; (c) which require smaller annual pay-
73 ments on account of the principal amounts thereof than those
74 specified in paragraph (5) of subsection A of this section; and
75 (d) which provide for equal monthly payments, each applicable to
76 principal and interest, in amounts sufficient to pay current interest
77 on and to repay the amount of the loan in such number of years,
78 more than 40 but not more than 45, as the regulation may specify;

79-80 (2) Defining "improved real property" for the purposes of para-
81 graph (2) of subsection A of this section;

82 (3) Increasing the percentage of the time deposits or the aggre-
83 gate of the unimpaired capital stock and surplus of banks which
84 banks may invest in mortgage loans beyond the limitation expressed
85 in subsection A of section 69;

86 (4) Increasing the percentage of the principal balances owing
87 on mortgage loans of the kind referred to in section 68 which shall
88 not be included in the total of all principal balances owing on
89 mortgage loans for the purposes of subsection A of section 69, or
90 eliminating entirely the principal balances owing on such mortgage
91 loans from such total of all principal balances.

92 C. In making, altering and rescinding regulations pursuant to
93 subsection B of this section, the commissioner and the banking
94 advisory board shall consider the statutes and regulations applica-
95 ble to national banks in the making or acquiring of loans secured
96 by interest in real property and the practices followed by national
97 banks in the making or acquiring of such loans. The regulations
98 so made shall, so far as the commissioner and the banking advisory
99 board deem to be warranted by the state of the economy and to
100 be consistent with sound banking practices, be directed toward the
101 creation and maintenance of a substantial parity between banks
102 and national banks in all matters relating to the making and acquir-
103 ing of loans secured by interests in real property. The power to
104 regulate as provided in subsection B of this section may be exer-
105 cised by the commissioner and the banking advisory board within
106 the standards established by this subsection, notwithstanding that
107 the subject of such regulation is not expressly set forth in subsec-
108 tion B of this section.

109 *D. A bank may make a mortgage loan in excess of the ratio be-*
110 *tween appraised value and the amount of the loan as established*
111 *by subsection A(4) of this section, provided that the amount of*

112 *such excess is secured by other collateral having a value at all times*
 113 *at least equal to the amount of the principal balance in excess of*
 114 *that amount permitted by subsection A(4) or as established by*
 115 *regulation of the Commissioner of Banking.*

1 2. Section 181 of P. L. 1948, c. 67 (C. 17:9A-181) is amended to
 2 read as follows:

3 Sec. 181. Mortgage loans.

4 A. 1. A savings banks may make or invest in mortgage loans in
 5 the manner and subject to the limitations prescribed by this section.
 6 For the purposes of this section, "mortgage loan" shall include
 7 every indebtedness secured by mortgage on real property, or on a
 8 lease of the fee of real property (in any case in which such lease is
 9 lawful security for such mortgage loan), except as otherwise pro-
 10 vided by subsection Q. of this section, and a savings bank shall be
 11 deemed to have made a mortgage loan when

12 (a) It lends or participates in lending money to a borrower upon
 13 the security of real property; or

14 (b) It acquires, by purchase or otherwise, a mortgage loan or
 15 any share or part of or interest in a mortgage loan which is not
 16 subordinate to any share or part thereof or interest therein held
 17 by any other person.

18 A savings bank may sell, assign or otherwise dispose of a share
 19 or part of or interest in a mortgage loan held by it to any other
 20 person.

21 A. 2. For all purposes of compliance with the applicable pro-
 22 visions and restrictions of subsection D., F. and G. of this section
 23 as to the percentage of the mortgage loan to the appraised value
 24 of the mortgaged property, and the term of and rate of amortiza-
 25 tion of such loan, the date of the acquisition by a savings bank of
 26 a mortgage loan or a share or part thereof or interest therein
 27 shall, as respects such savings bank, be deemed to be the date as
 28 of which the mortgage loan was made and the unpaid amount of
 29 the principal then due shall be deemed to be the amount of such
 30 mortgage loan.

31 B. No savings bank shall make a mortgage loan at any time when
 32 the total cost of acquisition by the savings bank of all real property
 33 owned by it, other than real property held for the purposes specified
 34 in subparagraph (a) of paragraph (5) of section 24, and the total
 35 of all principal balances owing to the savings bank on mortgage
 36 loans, less all write-offs and reserves with respect to such real
 37 property and mortgage loans, together exceeds, or by the making
 38 of such loan will exceed, 80% of its deposits. For the purposes, of
 39 this subsection, principal balances owing on mortgage loans made

40 pursuant to subsection Q. (1) of this section shall, only to the
41 extent of the unguaranteed portion of such balances, and loans
42 made pursuant to subsection Q. (2) of this section shall, only to
43 the extent of 50% of such balances, be included in the total of all
44 principal balances owing to the savings bank on mortgage loans;
45 and for the purposes of this subsection, principal balances owing
46 on mortgage loans made by the use of funds received by the bank
47 pursuant to the provisions of the "New Jersey Mortgage Finance
47A Agency Law" (P. L. 1970, c. 38, C. 17:1B-4 et seq.), shall, only
48 to the extent of 50% of such balances, be included in the total of
49 all principal balances, owing to the savings bank on mortgage loans.

50 C. Every mortgage loan shall be evidenced by a note or bond, and
51 shall be secured by a mortgage on the fee of real property located
52 within this State, or, if outside this State, upon the fee of real
53 property located within 50 miles of the border of this State. Every
54 mortgage shall be certified to be a first lien by an attorney at law
55 of the State in which the real property is located, or certified or
56 guaranteed to be a first lien by a corporation authorized to
57 guarantee titles to land in such State. For the purposes of this
58 section, a mortgage shall be deemed to be a first lien, notwith-
59 standing the existence of a prior mortgage or mortgages held by
60 the savings bank, or a lien for current taxes or assessments not
61 due or payable at the time the loan is made, and notwithstanding
62 the existence of leases, building restrictions, easements, encroach-
63 ments, or covenants which, in the opinion of an officer of the savings
64 bank designated for that purpose by the board of managers, do
65 not materially lessen the value of the real property to be mortgaged.

66 D. When the real property offered as security for a mortgage
67 loan consists of a lot of land, or, in the case of condominiums, an
68 interest in a lot of land, upon which there is one or more one-, two-,
69 three-, or four-family dwellings including appropriate garages
70 or other outbuildings, if any, or upon which such dwelling or
71 dwellings, garages or outbuildings are in the course of construction
72 or are to be constructed, the amount of the mortgage loan shall not
73 exceed 90% of the appraised value of the real property; provided,
74 however, where mortgage guaranty insurance is issued incident
75 to such loan pursuant to the provisions of the Mortgage Guaranty
76 Insurance Act, P. L. 1968, c. 248 (C. 17:46A-1 et seq.), the amount
77 of the mortgage loan shall not exceed 95% of the appraised value
78 of the real property.

79 E. (Deleted by amendment.)

80 F. The instrument evidencing a mortgage loan made pursuant to
81 subsection D. of this section shall require that

82 (1) Interest shall be paid on such loan monthly, and that equal
83 monthly payments be made in reduction of such loan of an annual
84 rate equal to at least $2\frac{1}{2}\%$ of the original amount of such loan; or

85 (2) That a constant sum be paid monthly in an amount sufficient
86 for current interest and for the payment of the loan in full in not
87 more than 40 years and 1 month from the making of such loan.

88 G. When the real property offered as security for a mortgage loan
89 consists of a lot of land upon which there is a building or buildings
90 other than dwellings of the nature described in subsection D. of
91 this section, or upon which such other buildings are in the course
92 of construction, or are to be constructed, or when such land is
93 paved for parking lot purposes, the amount of the mortgage loan
94 shall not exceed 80% of appraised value of such real property.
95 The instrument evidencing a mortgage loan made pursuant to this
96 subsection shall require that the loan be repaid in full in not more
97 than 30 years and 1 month from the date it is made; and (a)
98 if the amount of such loan, when made, exceeds 50%, of the
99 appraised value of the real property, that payments shall be made
100 in reduction thereof at least semiannually, at an annual rate equal
101 to at least 1% of the original amount of such loan; or (b) if the
102 amount of such loan, when made, does not exceed 50% of the
103 appraised value of the real property, that payments shall be made
104 in reduction thereof at least semiannually, at an annual rate equal
105 to at least $\frac{1}{2}\%$ of the original amount of such loan; provided,
106 that, in lieu of such principal payments, the instrument evidencing
107 any mortgage loan may require equal monthly payments each
108 applicable to principal and interest in an amount sufficient to pay
109 current interest and to repay the amount of the loan in not more
110 than 30 years and 1 month from its date. When, however, the
111 amount of such loan does not, when made, exceed 50% of the
112 appraised value of such real property, and the instrument evidenc-
113 ing such loan requires that it be paid in full in not more than 5
114 years and 1 month from the date it is made, the instrument need
115 not require that any payment be made in reduction of such loan
116 prior to its maturity date. Notwithstanding the limitations pre-
117 scribed by subsection D. and hereinabove in this section, a savings
118 bank may make a mortgage loan secured by a lot of land or two or
119 more lots of land, contiguous or not, upon each of which there is
120 a building or buildings, or upon each of which a building or
121 buildings are in the course of construction or are to be constructed.
122 The limitations of this section governing the term of the loan, rate
123 of amortization, and the percentage of the mortgage loan to the
124 appraised value of each type of building, including land, shall

125 apply. No loans shall be made under subsections D., F., or G.
126 hereof to any one person or on any one property if the loans shall
127 exceed 15% of the surplus, undivided profits, and reserves of the
128 savings bank, or \$50,000.00, whichever is greater.

129 H. When the real property offered as security for a mortgage
130 loan is of the nature described in subsection D. of this section,
131 and the amount of the loan does not exceed $66\frac{2}{3}\%$ of the appraised
132 value of such real property, the instrument evidencing such loan
133 shall be sufficient if it conforms to the requirements of either sub-
134 section F. or subsection G. of this section.

135 I. A mortgage loan may be made for the purpose of enabling a
136 borrower to construct a building or buildings upon real property
137 owned by him, and, in such a case, the appraised value of the real
138 property shall include the value of the building or buildings to be
139 constructed, but at no time shall a greater sum be advanced on
140 account of such loan than, in the opinion of (1) the appraisers
141 hereinafter provided for, or (2) one of such appraisers and an
142 officer of the savings bank designated for that purpose by the board
143 of managers, is warranted by the state of completion of the build-
144 ings in process of construction. For the purposes of compliance
145 with the applicable requirements of subsection F. or G. of this
146 section as to the term of and the rate of amortization of a loan made
147 pursuant to this section, such loan shall be deemed to have been
148 made when the final advance shall be made to the borrower on such
149 loan, or 60 months from the date of the mortgage securing such
150 loan, whichever is earlier.

151 J. When the real property offered as security for a mortgage
152 loan consists of unimproved land, and the proceeds of such loan are
153 not to be used to construct a building on such land, the amount of
154 such loan shall not exceed 50% of the appraised value of such
155 real property. When the real property offered as security for
156 a mortgage loan consists of unimproved land, and the proceeds of
157 such loan are to be used for improvements to the land, the amount
158 of such loan shall not exceed 75% of the appraised value of such
159 real property. The instrument evidencing a loan made pursuant to
160 this subsection shall require that such loan be paid in full in not
161 more than 10 years and 1 month from the date it is made. No
162 loan made pursuant to this subsection shall exceed \$10,000.00, or
163 $\frac{3}{10}$ of 1% of the deposits of the savings bank, whichever is greater;
164 nor shall any loan be made at any time when the total of all such
165 loans exceeds, or if the making of such loan would cause such total
166 to exceed 2% of the deposits of the savings bank.

167 K. No mortgage loan shall be made except upon a written
168 certification signed by at least two persons, each of whom shall be
169 either a manager of the bank or an appraiser appointed by its
170 board of managers. In the case of a mortgage loan secured by a
171 mortgage upon real property, such certification shall state the
172 opinion of such persons as to the value of the land and the improve-
173 ments thereon or to be erected thereon and the character of such
174 improvements. In the case of a mortgage loan secured by a
175 mortgage upon a lease of the fee of real property, such certification
176 shall state the opinion of such person as to the value of the lease-
177 hold interest to be subject to the mortgage, including the leasehold
178 interest in the improvements erected or to be erected upon the
179 leased property and the character of such improvements. Such
180 certification shall be filed with the records of the bank, and shall
181 be preserved until the savings bank has no interest, as mortgagee
182 or otherwise, in the real property.

183 L. Purchase money mortgage loans made by a savings bank on
184 the sale of real property owned by it shall not be subject to the
185 preceding subsections or to subsection P. of this section, except that
186 such loans shall be included in determining whether the total
187 amount of mortgage loans held by a savings bank exceeds 80% of
188 its deposits.

189 M. No savings bank shall make a mortgage loan secured by a
190 mortgage upon a lease of the fee of real property unless

191 (1) The leased property is located within this State or, if out-
192 side this State, the leased property is located within 50 miles of
193 the border of this State;

194 (2) The leased property shall consist of improved real property,
195 including farm lands, or unimproved real property if the proceeds
196 of such loan shall be used for the purpose of erecting improve-
197 ments thereon;

198 (3) The mortgage securing such loan shall constitute a first lien
199 on a lease of the fee of real property, which fee is not subject to
200 any prior lien; the fee shall be deemed not subject to any prior
201 lien notwithstanding the existence of liens of taxes which are not
202 delinquent, building restrictions or other restrictive covenants or
203 conditions, joint driveways, sewer rights, rights in walls, rights-of-
204 way or other easements, or encroachments, which the person sign-
205 ing the certificate provided for in subsection K. of this section
206 report in their opinion do not materially affect the security for the
207 mortgage loan. Every mortgage shall be certified to be such a
208 first lien by an attorney-at-law of the State in which the real prop-
209 erty is located, or certified or guaranteed to be such a first lien by

210 a corporation authorized to guarantee titles to land in such State;

211 (4) Such loan shall not exceed 66 $\frac{2}{3}$ % of the appraised value of
212 the leasehold interest subject to the mortgage, including the lease-
213 hold interest in the improvements erected upon the mortgaged
214 property, or to be erected thereon wholly or partly with the pro-
215 ceeds of the mortgage loan; and

216 (5) The instrument evidencing the loan shall require that pay-
217 ment be made on account of the principal amount of such loan at
218 an annual rate sufficient to repay such loan not later than 1 year
219 prior to the expiration of the lease.

220 N. The instrument evidencing a mortgage loan may be in such
221 form, and may contain such provisions, not inconsistent with law,
222 as the savings bank may choose to insert for the protection of its
223 lien and the preservation of its interest in the real property
224 mortgaged to it.

225 O. Notwithstanding the limitations prescribed by the preceding
226 subsections or by subsection P. of this section, a savings bank may

227 (1) For the purposes of preventing or mitigating loss, or of
228 preserving the lien of its mortgage, or of conserving the value of
229 the real property affected by its mortgage, (a) extend the time for
230 the payment of principal or interest, (b) modify or waive any of
231 the terms or conditions of the instrument evidencing a mortgage
232 loan, (c) settle or compromise all or part of the amount due or to
233 grow due on a mortgage loan, (d) sell or assign the mortgage loan,
234 or a share or part thereof or interest therein, for such considera-
235 tion as it shall deem proper, and (e) advance funds for the payment
236 of any tax, lien, charge or claim whatsoever; and

237 (2) Make a loan in addition to an existing mortgage loan or loans
238 held by it, upon the security of the same real property and secured
239 by the existing mortgage or mortgages, in an amount not to exceed
240 the difference between the balance due on the existing mortgage or
241 mortgages and the original amount thereof; provided, however,
242 that no such additional loan shall be made which shall increase the
243 total amount due upon such mortgages over the amount which could
244 be loaned upon the security of such real property. Such additional
245 loan shall be repaid in equal monthly installments, beginning within
246 1 year from the date of such loan, with the payments adjusted so
247 that the additional loan shall be repaid in full either before or at
248 the maturity of the existing mortgage. If the unexpired term of
249 such mortgage or mortgages shall have been reduced to 15 years
250 or less, such term may be extended for an additional period of not
251 more than 15 years. Adjustment of payments and extension of
252 mortgage terms pursuant to this section shall comply with the

253 provisions of subsection F., G. or H. of this section. If so pro-
254 vided in the original mortgage or a supplement or amendment
255 thereto, persons who acquire any rights in or liens upon the
256-257 mortgaged real property subsequent to the recording of the
258 original mortgage or such supplement or amendment, as the case
259 may be, shall hold such rights and liens subject to the prior lien
260 of the original mortgage and such supplement or amendment, if
261 any, as security for such additional loan; and in such case, no title
262 certificate or insurance under subsection C. of this section shall be
263 required with respect to such additional loan.

264 P. Except as otherwise provided by this section, no savings bank
265 shall make a mortgage loan if the making of such loan would cause
266 the total of all unpaid balances of such loans held by the savings
267 bank upon the security of the same real property or leasehold, to
268 exceed the limitations imposed by this section upon the amount of a
269 mortgage loan which may be made upon the security of such real
270 property of such leasehold.

271 Q. A savings bank may invest in

272 (1) (a) Veterans loans, wherever located, made pursuant to Title
273 III of the Act of Congress of June 22, 1944, known as the "Service-
274 men's Readjustment Act of 1944," as amended, supplemented,
275 revised, or recodified from time to time, which the Administrator
276 of Veterans' Affairs or other officer or agency which succeeds to
277 his powers and functions under said act has insured or guaranteed
278 or has made a commitment to insure or guarantee, to the extent
279 and in the manner provided in said act or the regulations made
280 thereunder; and

281 (b) Veterans' loans, wherever located, made and insured or
282 guaranteed in part as provided in paragraph (1) (a) of this sub-
283 section of this section, and, as to the balance thereof, insured or
284 guaranteed by an insurer or guarantor named or described in para-
285 graph (2) of this subsection of this section.

286 (c) Mortgages or deeds of trust or other securities made pur-
287 suant to paragraph 1 (a) of this subsection of this section shall
288 not be subject to the provisions and restrictions of this section,
289 except that they shall be included in determining whether total
290 mortgage investments are within the limitation prescribed by
291 subsection B. of this section, provided however, that said mort-
292 gages or deeds of trust or other securities shall not be subject to
293 the provisions of any law of this State prescribing or limiting the
294 interest which may be taken upon such loans or investments.

295 (2) (a) Mortgages or deeds of trust or other securities of the
296 character of mortgages which are first liens on the fee of real

297 property or a lease of the fee of real property, wherever located,
298 which (i) the United States, or (ii) the Federal Housing Commis-
299 sioner under the Act of Congress of June 27, 1934, known as the
300 "National Housing Act," as amended, supplemented, revised or
301 recodified from time to time, or other officer or agency which
302 succeeds to his powers and functions, or (iii) the State of New
303 Jersey or an officer or agency thereof, or (iv) any other officer or
304 agency of the United States or of this State which the commis-
305 sioner shall have approved for the purposes of this section as an
306 insurer or guarantor, has fully insured or guaranteed or made a
307 commitment to fully insure or guarantee.

308 (b) Mortgages or deeds of trust or other securities made pur-
309 suant to paragraph 2 (a) of this subsection of this section shall not
310 be subject to the provisions and restrictions of this section, except
311 that they shall be included in determining whether total mortgage
312 investments are within the limitation prescribed by subsection B. of
313 this section, provided however, that said mortgages or deeds of
314 trust or other securities shall not be subject to the provisions of
315 any law of this State prescribing or limiting the interest which may
316 be taken upon such loans or investments.

317 R. The commissioner may, from time to time, make, alter and
318 rescind regulations:

319 (1) Authorizing savings banks to make mortgage loans or
320 specified types or classes of mortgage loans (a) which exceed the
321 specified percentages of the appraised value of the mortgaged
322 property; (b) which mature later than the specified periods from
323 their date; (c) which require smaller annual payments on account
324 of the principal amounts thereof than those specified in this section;
325 (d) which provide for equal monthly payments each applicable to
326 principal and interest in amounts sufficient to pay current interest
327 on and to repay the amount of the loan in such number of years
328 more than 40, but not more than 45, as the regulation may specify;

329-330 (2) Increasing the percentage of deposits of savings banks
331 which savings banks may invest in mortgage loans;

332 (3) Increasing the percentage of principal balances owing on
333 mortgage loans referred to in subsection Q. which shall not be in-
334 cluded in the total of all principal balances owing on mortgage
335 loans for the purpose of subsection B., or

336 (4) Eliminating entirely the principal balances owing on such
337 mortgage loans from such total of all principal balances.

338 S. *Notwithstanding the provisions of this section, a savings bank*
339 *may make a mortgage loan in excess of the ratio between appraised*

340 *value and the amount of the loan as such ratio is established herein,*
341 *provided that such excess is secured by other collateral having a*
342 *value at all times at least equal to the amount of the principal*
343 *balance in excess of the amount permitted by subsections G., H., J.,*
344 *or M., of this section or as established by regulation of the Commis-*
345 *sioner of Banking.*

1 3. This act shall take effect immediately.

STATEMENT

This legislation amends the Banking Act of 1948 to provide that banks and savings banks be permitted to make mortgage loans in excess of the loan-to-value ratios presently established by law if the amount in excess of that ratio is secured by additional collateral. Savings and loan associations presently have such statutory authority.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 466

STATE OF NEW JERSEY

DATED: APRIL 21, 1980

This legislation provides that banks and savings banks may make mortgage loans in excess of the loan-to-value ratio established by law if the amount of the excess is secured by other collateral.

At present, the Commissioner of Banking has statutory authority to provide that banks and savings banks may exceed the established loan-to-value ratio if such excess is secured. Savings and loan associations already have statutory authority to do this. Often the excess amount is secured by savings accounts or other collateral. This legislation simply gives the force of law to this regulation.

SENATE LABOR, INDUSTRY AND
PROFESSIONS COMMITTEE

STATEMENT TO
ASSEMBLY, No. 466

STATE OF NEW JERSEY

DATED: JUNE 9, 1980

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FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

DECEMBER 30, 1980

PATRICK SWEENEY

Governor Brendan Byrne has signed the following bills:

S-153, sponsored by Senator Raymond J. Zane (D-Gloucester), which will grant immunity from liability for civil damages to the Division of Motor Vehicles' Medical Advisory Panel members, the director and employees of the Division of Motor Vehicles, and to physicians or optometrists for providing reports, records, examinations, opinions or recommendations regarding a motor vehicle license applicant's or licensee's ability to safely operate a motor vehicle.

S-1018, sponsored by Senator Frank Z. Graves, Jr. (D-Passaic), which amends the interest rate which can be charged in home repair financing contracts to more realistically reflect today's money market.

S-1076, sponsored by Senator Eugene J. Bedell (D-Monmouth), which grants immunity from civil liability to veterinarians rendering emergency care to animals.

A-466, sponsored by Assemblyman Walter M.D. Kern, Jr. (R-Bergen), which permits State banks and savings banks to make mortgage loans in excess of the present loan-to-value ratio provided the excess of that ratio is secured by additional collateral.

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